

**Introduced by Senator Kehoe**  
**(Coauthor: Senator Vargas)**  
(Coauthors: Assembly Members Block and Hueso)

March 6, 2012

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Senate Joint Resolution No. 21—Relative to federal tax exemptions.

LEGISLATIVE COUNSEL'S DIGEST

SJR 21, as introduced, Kehoe. Federal tax exemptions: retirement funds.

This measure would urge the Congress of the United States and the President to amend the United States Internal Revenue Code to allow all retirees who have contributed to a qualified retirement plan the option to treat funds from those plans used to pay medical and long-term care premiums as tax-free rollovers.

This measure would also urge the Congress of the United States and the President to create parity among all workers by presenting qualified retirement plan participants with the same option given to public safety members under the Pension Protection Act of 2006.

Fiscal committee: no.

1 WHEREAS, On August 17, 2006, the Pension Protection Act  
2 of 2006 was signed into law by President George W. Bush, granting  
3 eligible public safety officers the ability to use a portion of their  
4 qualified retirement plan to pay for medical and long-term care  
5 premiums tax free; and

6 WHEREAS, There is no option for nonpublic safety officers or  
7 public safety officers who retire under full retirement age to use  
8 their qualified retirement plan funds to pay for medical and  
9 long-term care premiums tax free; and

1 WHEREAS, The cost of health care has risen faster than the  
2 pace of inflation for more than 20 years; and

3 WHEREAS, The population continues to age and to live longer  
4 necessitating adequate health care and long-term care and the funds  
5 to pay for these services; and

6 WHEREAS, Tax-free distributions for health care premiums  
7 allow the benefit of reducing the burden of an essential expense  
8 to apply to all public and private sector employees; and

9 WHEREAS, This act could encourage people to save more now,  
10 potentially reducing the burden on government health care  
11 resources in the future; now, therefore, be it

12 *Resolved by the Senate and the Assembly of the State of*  
13 *California, jointly,* That the Legislature urges the Congress and  
14 the President to amend the United States Internal Revenue Code  
15 to allow all retirees who have contributed to a qualified retirement  
16 plan the option to treat funds from those plans used to pay medical  
17 and long-term care premiums as tax-free rollovers; and be it further

18 *Resolved,* That the Legislature urges the Congress and the  
19 President to create parity among all workers by presenting all  
20 qualified retirement plan participants with the same option given  
21 to public safety members under the Pension Protection Act of  
22 2006; and be it further

23 *Resolved,* That the Secretary of the Senate transmit copies of  
24 this resolution to the President and Vice President of the United  
25 States, to each Senator and Representative from California in the  
26 Congress of the United States, to the Commissioner of the Internal  
27 Revenue Service, to the Secretary of the Department of Labor, and  
28 to the author for appropriate distribution.